

An interview with Eckhard Pfeiffer

Pfeiffer outlines business directions, strategies

(This is the first in a series of interviews on the company's business strategies, new organization and other related topics. We will begin the series with Eckhard Pfeiffer, Compaq President and Chief Executive Officer. If you have any comments, suggestions or questions, please send them to the Inside & Out Suggestion Box on the Banyan network under "suggestion" in bmail or to mailcode 120703.)

Pfeiffer joined Compaq in 1983 as Vice President Compaq Europe, directing start-up of wholly-owned Compaq subsidiaries in Germany, France and the U.K. Within six years the company became the number two PC manufacturer in Europe. In 1990, the Europe and International group accounted for 54 percent of the company's overall revenue, with sales of almost \$2 billion.

Described by *Business Week* magazine as "the power behind Compaq's European powerhouse," he directed all company business outside North America through 17 international subsidiaries and Authorized Dealers in 65 countries, as well as manufacturing facilities in Singapore and Erskine, Scotland.

In 1991, Pfeiffer joined the Houston staff to take responsibility for all day-to-day operational functions such as sales, marketing, manufacturing and administration worldwide as Executive Vice President and Chief Operating Officer.

He was appointed President and CEO in October 1991.

Previous to joining Compaq, Pfeiffer worked at Texas Instruments for 20 years. He last served that company as Vice President of Corporate Marketing and Manager of Corporate Strategic Marketing.

He was born August 20, 1941, in Germany and holds an MBA degree from Southern Methodist University in Dallas, Texas.

Q. After all the significant changes Compaq has undergone in recent months, is it possible now to give us an overview of the company's business strategy?

A. Absolutely. I think it can be summarized in seven points.

These are:

- In the 1990's we will be a major global supplier of personal computers and PC systems.
- In PCs we will continue our high performance leadership while adding focus on entry-level cost-effective products.
- In systems we will be an innovative, high-performance leader with the goal of providing excellent computing solutions and high quality customer support.
- We will remain committed to being a leader in quality and reliability.
- We will greatly enhance our customer support and service.
- The cost of our products will continue to decrease, allowing us to be price competitive in our chosen markets.
- We will sell our products through broad levels of distribution, seeking new sales and distribution methods, as well as expanding those already in place.

began on the product side — the kinds of products customers wanted to buy and were available from our competitors in mass volume. Increasingly, they want to buy these products from channels other than dealers, like superstores, mass merchandisers, etc., with higher levels of support rather than just the latest in technology. In other words, our high-performance, high-quality product now has to be matched with an outstanding level of service and support. We can't reverse these market trends, but we can address them more quickly.

Q. Are the organizational changes complete?

A. We have made the major changes in realigning the organization and setting up the two product divisions. The PC division is where we will focus very sharply on the total PC market opportunities, and the systems division is where we have recognized the need for different

America, Europe, Asia-Pacific and, in our corporate marketing organization, the development of Japan and Latin America. This geographic division, combined with the concept of our two product divisions, is the best way of dealing with the global marketplace. On one side, you have the clear product responsibility. On the other side, you have the responsibility to market and sell these products all over the world. It clearly defines how these organizations interact in making the total business function.

This structure also assigns the product divisions a very clear business responsibility and authority to manage that business, to make decisions, and to move forward within the defined scope of that activity. In these operating organizations, we need the highest level of efficiency to compete effectively in the marketplace today.

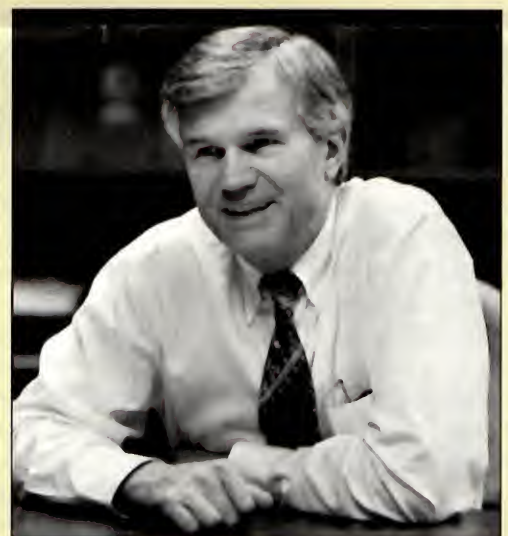
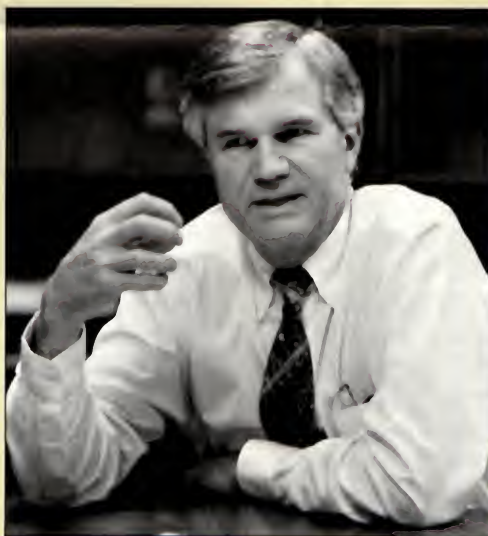
The company's reorganization also

clearly defines the corporate staff functions, corporate marketing, finance, administration, legal and human resources. We want these groups basically to define

corporate strategy, how we operate and function as a company. They will provide the umbrella for determining how we position ourselves as a company, our corporate communications strategies, our corporate distribution strategies, worldwide human resources strategies and how we run the company financially. We want these organizations to very efficiently support the operating organizations as needed.

Q. Is the restructuring complete?

A. It has been a difficult process we have gone through in recent months. We tried very hard to anticipate all the restructuring necessary for the company to move into the future. On the other hand, as we have learned, every one of us in the company needs to be constantly alert to change in our industry. I believe restructuring is a matter of good management. You can avoid major restructuring by managing extremely close to the realities of your marketplace at all times. If you manage in such a way that you always take the necessary action at the right time, you'll probably never face



Q. Why were these sweeping organizational and business changes necessary?

A. In the past two years, we have seen dramatic changes in the industry. It took us some time to recognize just how far-reaching they were. Initially, we saw some need for change in strategies in one area or another, but we didn't recognize that these only scratched the surface. The industry was moving from the high-growth phase of the product life cycle to the mature phase of the product life cycle where major changes typically occur. It took us several months, quarters actually, to fully recognize how these changes would affect us and how we had to respond.

Q. Why do you think we didn't respond more quickly?

A. We had such an incredible success formula for the 80s we were probably not willing to recognize the warning signals coming from the marketplace. If something has worked well for extended periods, there is a level of unwillingness to sense signals for change. Our signals

capabilities, different levels of funding, different ways of selling and supporting our products, and different ways of providing customer solutions and support. The internal structure has taken shape. However, we are still fine tuning the final stages of the organizational realignment and on developing and implementing the strategies that will support these two businesses.

I think we have defined the major strategies for the two divisions. In PCs, we want to regain market share across the whole breadth of the PC market, and, more specifically, we want to compete more aggressively in the broad, price sensitive mainstream market segment. In systems, we are pioneering the market in bringing system solutions to the end user and then supporting that solution.

As I've said many times, we are in a global industry and we need to be a global competitor. Our new organization fully reflects that. In the top level of the organization, we have major geographic regions of the world represented — North

these big restructurings. You have to be alert for what may be obsolete, inefficient, or wrong. To avoid future restructuring, it is up to all of us to constantly search for renewal and improvement and to adapt to the changing needs of our marketplace.

Q. *Will management style change within the company?*

A. I have been with the company since 1983 and count myself among the early Compaq employees. For eight years I had the responsibility of spreading the Compaq culture around the world. During that period, I helped in shaping the culture as part of the management team and helped give the company its international, global perspective and dimension. I am committed to the principles of the Compaq culture. They are inherent in my basic management style and my desire to lead the company within the Compaq culture as we've all learned to love it. I am striving to manage the whole company with the high level of commitment, motivation and excitement that I was able to be part of in leading Compaq's international business in the past.

I believe strongly in open communication at all levels and an open-door environment. That's what I've always practiced and that is how it will remain.

In decision making, teamwork and the consensus process are still the best way. However, in the past there was some misunderstanding of what the team and consensus processes are all about. I want to state very clearly that teamwork is extremely important, but can not be an excuse for not wanting to make decisions or for involving too many people in a decision who have no direct influence or impact on that decision. I believe the new organizational structure puts a much higher emphasis on delegation of authority and decision making. This will allow decisions to be made at the right levels within the organization, rather than by upper management.

Q. *We've heard about Compaq lowering costs and maintaining high levels of quality. Could you give us an example?*

A. In the 80s, the industry developed the capability to build high levels of quality into components and subassemblies. Consequently, today there is the ability to easily assemble PCs with high levels of quality and reliability. Compaq has been one of the leaders in bringing high levels of quality and reliability to market. The engineering efforts we have invested in making this happen have been a significant cost factor. Now we need to utilize these capabilities as effectively as our competitors, in sourcing our components and subassemblies, for example. Then by adding our engineering skills to differentiate our products, we will maintain our tradition for high quality. We've always put emphasis on inspecting our components, buying and screening materials, and assembling high-quality products. That won't change. But, if we're designing and building an entry-level product, it does not need to have the latest in leading edge technology, which is often much more costly. With careful sourcing, we place more emphasis on lowest purchase price – without sacrificing quality. We must assure quality by following our

Compaq Business Focus

- Major Global Supplier of Quality PCs and Systems
- PCs: High-Performance Leader
- Added Focus on:
 - Entry-Level Products
 - Lower Product Cost
- Systems: Innovative, High-Performance Leader
- Computing Solutions
- Customer Support
- Commitment to Quality
- Enhanced Customer Support / Satisfaction
- Competitive Cost / Pricing
- Broader Distribution

principles of careful vendor selection, excellent material management, incoming inspection, high-quality manufacturing processes and efficient outgoing inspection.

Q. *Is this the same as design-to-cost?*

A. It is different. In design-to-cost, we are taking a new approach. We are now trying to group teams of engineers with teams of product marketers to make up a team with long-term product responsibility. It will be a rolling success formula. These new teams will always be out there on top of the competition and will sense requirements in the marketplace quickly. The team will have the new products out early and then guide those products through their life cycles.

Q. *What priority are we placing on customer satisfaction?*

A. I think it is obvious that customer satisfaction has become one of the key corporate priorities. Early this year we changed our corporate philosophy in wanting to engage with our customers. We implemented our customer hotline. We've expanded our efforts in the field with major accounts and direct customer contact, enhanced our systems engineering and service engineering, and significantly increased our entire service organization.

Not only have we assigned development of customer satisfaction strategies, plans and programs to our corporate marketing organization, but we have managers responsible for this in each of the product divisions, as well as in our sales organization. We will see many organizational changes and reallocation of resources, to show this new Compaq care for customers. Unlike in the past, if a customer calls today and wants to know about our latest notebook computers, we will provide direct feedback and information. We will encourage interface with our existing customers, as well as with all potential customers.

Another major aspect of our total rethinking and what we call a "marketing revolution," will be our communication strategy – including advertising, promotion and media relations. We have selected a new advertising agency, Ammarati and Puris. We will work with

this new ad agency on repositioning Compaq as both a PC company and a systems company. Secondly, we will reposition the company as one that is accessible and easy to work with. Our total communications program is very much influenced by the objective to reach out and communicate more effectively what we stand for, in addition to the great products we have always produced.

Q. *You've mentioned that we don't want to have artificial barriers between us and our customers. Does this mean we will undertake any type of sales opportunity?*

A. In sales and marketing we have changed across the board. Much of this began early in the year. We changed our pricing strategies to be more price aggressive; we changed our dealer margins; we began working with other distribution channels and actually making appointments with value added resellers; we began expanding to consultants, systems integrators; and finally announcing distributors.

We will carefully work all distribution channel issues in order to avoid channel conflict. On the other hand, it is obvious that the dealer channel alone is not the only way to meet all the needs of the market segments we now serve and will serve in the future. So, we will consider all distribution channel alternatives when selecting the best means of delivering products to our end users. That, as I have stated, includes the possibility of mail order. That does not mean we've made such a decision today, but in opening up to the changes in the industry, we chose not to leave any of those barriers of the past in place. We want everybody involved in this process to consider every opportunity.

Q. *Does that include a direct sales force?*

A. We have, over the years, always had a direct sales effort with our major account managers. They worked largely in conjunction with our dealers or to open doors for them. There will be an increased emphasis on direct customer contact, although we're not planning to go out and take direct orders. We will

continue to work with our third party distribution channels.

Q. *What do you believe is the company's outlook?*

A. The company has tremendous strengths. One is clearly our Compaq culture. This is a major asset we can continue to build on. It has served us well in forming a very strong company built by our people. The ingredients of our culture – the centerpieces – are intact. This forms a solid foundation. It's how we relate with each other internally, how we interact with the external world, our ethical business behavior. It is our striving for quality in everything we do. It is teamwork and the attempt to reach consensus.

Our outstanding brand name, which stands for high performance, quality and reliability, is another strength. We need to capitalize on all these positive attributes as part of our future business plans. With our reputation for quality in the industry, we have become a worldwide market presence.

We have a strong management team in place. All our key managers are long-term Compaq employees. They are motivated and ready to move forward with our new plans. We have an outstanding engineering organization that has helped establish our strong leadership image in the past. We plan to build on that engineering strength in the future.

We have an outstanding worldwide manufacturing organization which is key to producing high-quality, highly cost-efficient products to reach worldwide markets. That very important asset will help our market share grow in these businesses.

Although we reported an operational loss in the third quarter after taking the restructuring charges, we are a financially sound company. We have significant cash resources to finance our future plans. Our balance sheet is extremely healthy. We are in a sound condition to move forward and regain our strength and remain a major factor in the 1990s in the computer industry worldwide.

Q. *What do you believe are the major challenges we are facing?*

A. Number one is to quickly get our internal organization streamlined and working at high levels of efficiency. Second, we have developed many new key strategies. We need to fine tune these strategies and then implement them appropriately to demonstrate to the outside world that we are capable of turning this situation around. After all, we reacted quickly when we identified problems. Now we need to demonstrate that we can just as quickly bring our company back up. I'm asking each and every one of you to continue giving your best for a successful Compaq turnaround.

Q. *Any parting thoughts?*

A. All of us went through a challenging, difficult year, and I want to thank everyone for their efforts during this period. With great teamwork and our Compaq culture, we can put the company back on track. We have significant tasks and goals ahead of us. With all our strengths, I know we can meet these challenges.

EDS authorized as first Compaq Worldwide Systems Integrator

Compaq bolstered its support last month to customers who have critical worldwide information systems needs by naming EDS its first Authorized Worldwide Systems Integrator.

The Systems Integrator program was developed in response to growing numbers of customers who do not typically purchase computers from traditional PC resellers, but instead utilize systems integrators to provide strategic and project management support for highly complex corporate information systems.

EDS has been authorized to resell and integrate the broad range of COMPAQ products through its Technical Products Division to major national and multinational corporations who have advanced networked, distributed and client/server environments.

"Compaq can now better serve global customers who use advanced PC systems in integrated environments," says Eckhard Pfeiffer, CEO. "This partnership combines Compaq's leadership in PCs and PC systems with the information technology solutions and vertical market expertise of EDS, a premier systems integrator."

The new program is an important step toward ensuring the success of the company's strategy for "delivery, integration and support of all current and future high-end products, and is key to Compaq's continued global competitive strength in the dynamic 90s marketplace," Pfeiffer explains.

EDS is a \$6 billion company providing information technology solutions to customers in 28 countries. The Technical Products Division is a business unit of EDS, providing microsystem solutions for customers in a range of industries, including manufacturing, retail, energy, transportation, financial and telecommunications. Services offered by the division, in conjunction with other

EDS business units, including consulting, systems development, systems integration, systems management, client/server and LAN solutions.

"This agreement provides flexibility to customers on a global basis," says Robert Neighbors, President of EDS's Technical Products Division. "Additionally, it broadens EDS' range of deliverables to provide the best solution to help customers take advantage of new technologies, including client/server computing."

EDS was authorized Oct. 15 to sell COMPAQ products and was provided with the full range of Compaq's technical training and support programs to ensure ongoing service and support for customers in the United States. International expansion of the relationship begins in 1992.

Program focus

The goal of the Compaq Systems Integrator program is to enhance delivery and integration of COMPAQ products in sophisticated, multivendor corporate information systems environments.

EDS was selected, as will be future program members, on the basis of its business focus in the following areas:

- Multinational companies requiring centralized control of corporate information systems.
- Complex system integration projects, including PCs, minicomputers or mainframes, complex voice and data networks and custom software development and integration.
- Sophisticated support and services, including systems configuration, installation, training and problem management.
- Long-term facilities management of entire corporate information system operations.

Compaq expands Latin American operations

Compaq recently announced the opening of a new subsidiary in Venezuela. Headquartered in Caracas, the office is Compaq's first full-service operation in that country.

Compaq first entered the Venezuelan and Latin American markets in 1989 by appointing Authorized Dealers to distribute its full line of personal computers and personal computer systems.

"We have seen favorable and exciting market changes during the past two years in Venezuela, as well as increased visibility and acceptance of the entire COMPAQ product line," said Manuel

Parra, Vice President of Compaq Latin America.

Demetrio A. Ruiz Moysen has been named General Manager of the new subsidiary.

Costa Rican dealer

Sistemas Analiticos has been named the first Authorized COMPAQ Computer Dealer in Costa Rica. Located in San Jose, Sistemas Analiticos will carry the entire COMPAQ product line, and will provide complete service and support. Compaq will provide comprehensive sales training and technical support programs to the new dealer.

Innovative technology helps Texas bank streamline operations

In today's business arena, companies often take steps to secure a leadership position by investing in innovative technology. For Texas Commerce Bank (TCB), a Houston-based bank of 92 branch locations throughout Texas, their strategy employs a complex network of computer hardware and software.

In a partnership with Compaq, Texas Commerce Bank (TCB) unveiled a new loan center Oct. 3 at its Hedwig Village location in Houston. Compaq, along with ViewStar, a California-based software company, developed a computer system that allows the TCB's branches to send consumer loan applications electronically to the Hedwig Village location.

Two hundred COMPAQ DESKPRO 386x and 73 COMPAQ DESKPRO 386/25s PCs and ViewStar's innovative imaging software tie together every department at the loan center — from mail room to customer service.

Eliminating the paper trail

The combination of the hardware and software will allow TCB clerks, lenders and analysts to capture, store, retrieve and process documents on their desktop PCs. Every step in generating a loan — from receiving initial applications, to contacting credit bureaus, to analyzing applications, and to preparing final docu-

ments for signature — is automated. The need for "paper-shuffling" is eliminated. The time taken to process a loan has fallen from one to two days to within three hours. When asked how the new system is different from the old, TCB computer operator Terri Rodgers commented: "It's quicker and easier. Everything is at your fingertips."

Fast fax applications

A customer requesting a loan completes an application at their local branch. The application is then faxed to TCB's loan center. The imaging software allows bank personnel to view the application on a PC and enter the data into TCB's vast data collection network linking Houston and New York. The application is then forwarded via computer to a loan processor. The loan processor makes approvals or denials based upon credit bureau information researched by computer. In fact, the processor can view the original application while reading credit bureau information.

Shelagmicheal Lents, Senior Vice President, TCB Consumer Asset Group, believes: "This technology opens many opportunities for us and it's something that we can leverage across the bank. We're in the best possible position to reach out to the Texas consumer."

Third-party maintainers expand support to Compaq customers

In a major move to broaden customer support, Compaq authorized General Electric and TRW to provide complete warranty service and support for the entire line of COMPAQ PCs and PC systems in the United States.

By joining the Compaq Authorized Third-Party Maintainer Program, General Electric Computer Service (GE) and TRW Customer Service Division bring an additional 1,600 service professionals in 430 locations to the existing nationwide network of Authorized Dealers. Compaq products can now be serviced by an additional 3,200 service professionals in 2,200 authorized service locations in the U.S. alone.

"Compaq provides one of the strongest and broadest customer service and support networks in the industry," says Ross Cooley, Vice President, North America. "The addition of these third-party maintainers complement the extensive support offerings of Authorized Dealers and gives Compaq customers a comprehensive array of service options."

The Compaq Authorized Third-Party Maintainer program, which began in 1986, allows select service organizations to provide customers with Compaq warranty service as well as a broad range of customized support offerings. TRW and GE, leaders in providing nationwide, multivendor microcomputer maintenance solutions, join Intelogic Trace (IT) as national service providers through the Authorized Maintainer Program.

"This agreement demonstrates Compaq confidence in GE's ability to

deliver dependable, top-quality service across the country," says Patrick J. Hogan, Manager of Marketing and Sales, GE Computer Service.

"TRW looks forward to playing an important part in the overall customer service and support program," says Arthur B. Branstine, Vice President and General Manager, TRW Customer Service Division.

Compaq Authorized Third-Party Maintainers provide a variety of customized service offerings, including long-term service plans and on-site analysis and maintenance.

Commitment to service and support

In addition to providing basic warranty services, requirements of the program include participation in Compaq certification and training and adequate stocking of spare parts. Authorized Third-Party Maintainers also offer 24-hour-a-day, seven-days a week, year-round service response at every location, technical hot-line support, systems configuration and installation, on-site and remote systems monitoring, and diagnostics and maintenance.

Twenty-five percent of the total service and staff at GE, IT and TRW are certified in supporting PCs and PC systems in Local Area Networks, Wide Area Network environments and key operating systems, including Banyan and Novell.

Authorized maintainers have access to the complete range of Compaq support resources, including product training, documentation and technical support.

Prettige Kerstdagen en een Voorspoedig Nieuwjaar
DUTCH

Glædelig Jul og Godt Nytår
DANISH

Zalig Kerstfeest, Gelukkig Nieuwjaar
BELGIAN/DUTCH

God Jul og Godt Nytt År
NORWEGIAN

God Jul och Gott Nytt År
SWEDISH

Merry Christmas and Happy New Year
ENGLISH

Hyvää Joulua ja Onnellista Uutta Vuotta
FINNISH

Buon Natale e Felice Anno Nuovo
ITALIAN

假期快樂

CHINESE

Fröhliche Weihnachten und ein Frohes Neues Jahr

GERMAN

Joyeux Noël et Bonne Année

FRENCH

Akemashite Omedetogozaimasu

JAPANESE

Feliz Navidad y Prospero Año Nuevo

SPANISH

Good Will

COMPAQ COMPUTER CORPORATION

Social service agency accepts donation of PCs

The Harris County Children's Protective Services has the opportunity to better address the needs of abused or neglected Houston-area children due to the contribution of 355 desktop computers donated by the Compaq Computer

Foundation — the company's primary vehicle for charitable contributions.

Ending the paper trail

Three hundred and fifty COMPAQ DESKPRO PCs and five COMPAQ

DESKPRO 386/25 PCs will help reduce the large volume of paperwork generated by HCCPS caseworkers. Studies of HCCPS operations demonstrate that as much as 40 to 70 percent of a caseworker's time is spent on paperwork.

Over 270 different forms must be completed. Now caseworkers can reduce multiple data entries and other inefficiencies by using the computers for scheduling, form generation, word processing and communication.

Officials of the HCCPS believe that the computers should increase caseworker productivity by 5 to 15 percent. The computers will allow the staff to interact with computers at other HCCPS locations and reduce the amount of employee training needed for future computer automation.

Celebration ceremony

In recognition of the Compaq equipment donation, on Sept. 26 Harris County Judge Jon Lindsay formally accepted the computers. "It is the wave of the future

Officials of the HCCPS believe that the computers should increase caseworker productivity by 5 to 15 percent.

for providing extra services that the taxpayers simply cannot afford on their own," said Lindsay.

Jerry Welch, President of the Compaq Computer Foundation, adds: "Compaq is pleased to be able to provide the much needed equipment to HCCPS. The protection of children from abuse and neglect is one of the most basic responsibilities of society and we at Compaq are glad to help."



Hundreds of donated computers are loaded onto a truck for delivery to the Harris County Children's Protective Services.

Customer base broadened

A first step in its marketing revolution, Compaq announced a new distribution channel for its products in November. The program authorizes two leading national distributors to sell and support COMPAQ products directly to Value Added Resellers (VARs).

Merisel, Inc. is one of the world's leading distributors of microcomputer hardware and software to computer resellers; and Tech Data Corporation is one of North America's largest wholesale distributors which sells its products to a customer base of over 25,000 VARs and computer retailers.

Compaq became the first major PC vendor to use distributors — authorizing Merisel and Tech Data to purchase and warehouse its products and distribute them to specific authorized VARs. Each organization is structured to provide the types of services required by a VAR.

These services include recruiting VARs as well as providing resellers with account maintenance, credit services, configuration, technical support, lead generation and marketing programs. Designed to increase the company's marketshare in small to medium size businesses, the new VAR program targets approximately 600 new VARs in the U.S. by the end of 1992, with an initial emphasis on network integrators and application and industry vertical markets.

VARs maintain marketshare

VARs maintain a significant share in the marketplace.

Approximately 15 percent of PCs and single user PC workstations shipped in the United States are provided by VARs.

"Over time, our relationships with VARs have helped us understand what is required to support them. We have listened to VARs regarding which channels meet their requirements best, such as working through distributors, and have designed our new program accordingly," says Ross Cooley, Vice President, North America.

Expanding customer base

Key executives at Merisel and Tech Data view the new VAR program as a strategic shift in the distribution of PC products.

"The Compaq/Merisel partnership is a crucial strategic move for both products," says Michael D. Pickett, President and CEO, Merisel, Inc. "The agreement provides Compaq with cost-effective advantages in reaching the VAR community, and the addition of COMPAQ products to our hardware line enables us to significantly enhance our 'best brands' strategy.

We believe with our reputation in servicing and supporting VARs, Compaq will realize incremental opportunities."

Compaq tournament successful

Sixteen of the world's top tennis players have accepted invitations to play in the year-end event of the international tennis calendar — the 1991 Compaq Grand Slam Cup (CGSC), held this month in Munich, Germany.

Players with the best records in the four other Grand Slam tournaments qualified for a place in the CGSC. The four Grand Slam champions of 1991, Boris Becker winner of the Australian Open, French champion Jim Courier, Wimbledon title holder Michael Stich and US Open winner Stefan Edberg, will vie for the top prize in the Compaq-sponsored event.

Top-notch tennis

An estimated one billion viewers in over 80 countries will enjoy spectacular tennis performances from the 16 CGSC players: Boris Becker (Germany), Stefan Edberg (Sweden), Jim Courier (US), Michael Stich (Germany), Ivan Lendl (Czech), Guy Forget (France), Patrick McEnroe (US), Jaime Yzaga (Peru), Michael Chang (US), Jakob Hlasek (Swiss), Paul Haarhuis (Dutch), Thierry Champion (French), Goran Prpic (Yugoslavian), David Wheaton (US), Jimmy Connors (US) and Christiano Caratti (Italy) and alternates Aaron Krickstein (US) and Todd Woodbridge (US).

Sponsor and media raise awareness

"We are very pleased with the lineup of outstanding players competing for

the 1991 Compaq Grand Slam Cup," Andreas Barth, Vice President Europe said. "Since the 1990 tournament, the sponsorship of the Compaq Grand Slam Cup has proved to be a valuable global marketing platform affording Compaq a higher profile and recognizing its position as one of the world's leading computer manufacturers."

The 1991 tournament sponsorship marks the second year of a five-year agreement with Compaq as the title sponsor of this tennis tournament. The first sponsorship was initiated to raise the level of awareness of Compaq worldwide while creating the opportunity to demonstrate Compaq technology.

Research conducted at last year's event showed how effective sponsorship was in reaching a worldwide audience. International television sales demonstrated that approximately 85 percent of the world's potential television audience had the opportunity to watch the event either live or edited highlights. Coverage by SAT 1, the domestic broadcaster in Germany, showed either Compaq banners or graphics for 67 percent of the total broadcast time.

Tournament Database

Another example of Compaq's investment in the event is the Compaq Grand Slam Cup Database. This PC-based databank provides the media, commentators and spectators with all background information they require about the event.

Compaq employees battle to the end

Compaq employees "put it all together" to capture second place overall in the 1991 Corporate Sports Battle, held in October at Houston Baptist University. Patti Marino of Compaq was named Outstanding Female Athlete. Company representatives placed in almost all events, including the Accu-Putt golf contest, various foot races, the obstacle course relay, the Wall Street Relay, volleyball, swimming events and the tug-o-war.



Compaq, IDG Books launch book series

Compaq and IDG Books Worldwide, Inc., have announced joint development of a new book series, the *Compaq Authorized Editions*. The announcement was made in October at the Frankfurt Book Fair in Germany.

The series has been created to provide timely, quality information for sophisticated Compaq users and developers, and to expand the company's extensive customer support programs.

The first offerings will include the *Compaq Official PC Configuration*

Handbook which will provide comprehensive information on maintaining, upgrading, expanding and repairing COMPAQ computers. The *Compaq Official Guide to Integrated Systems Using Novell Netware* will focus on managing multivendor integration and connectivity and the COMPAQ System Manager. The *Compaq Official Illustrated Computer Dictionary* will provide complete definitions of industry standard terminology.

"The Compaq-IDG Book series is

another testament to Compaq's commitment to providing ongoing support of its products to customers," said John J. Kilcullen, President/CEO and Publisher, IDG Books.

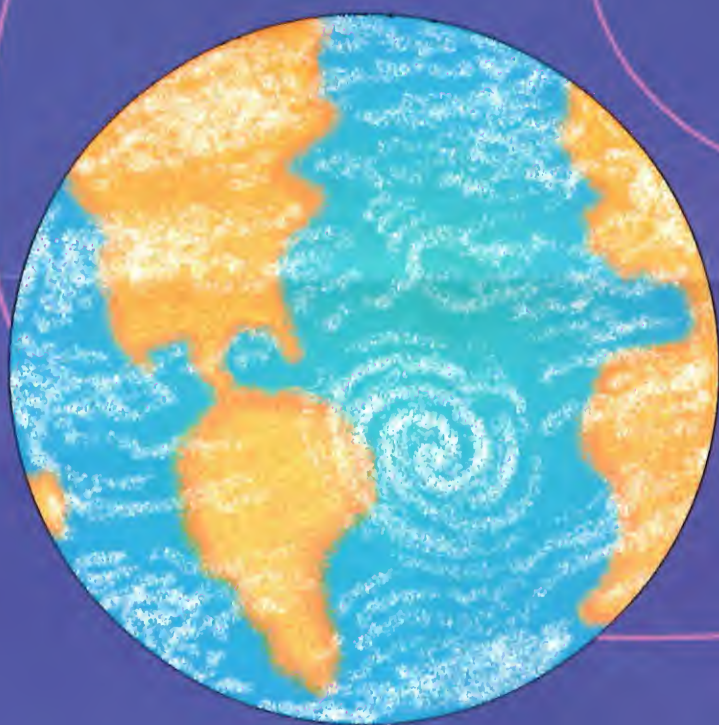
The first two titles will be published in mid 1992 and will be available wherever computer books are sold, or directly from IDG Books. IDG Books expects to have the books translated worldwide, with German, French, Italian, Dutch, Spanish and Japanese translations available in late 1992.

COMPAQ LTE line extended

A significant addition to the COMPAQ LTE 386s/20 Personal Computer product line, the COMPAQ LTE 386s/20 Model 84, was announced Nov. 4. The new notebook is available worldwide.

This model delivers the same 20-MHz 386SX power with cache, VGA capability and desktop functionality as the other two COMPAQ LTE 386s/20 models, but with increased fixed disk drive storage, allowing for use of disk-intensive applications. The new COMPAQ LTE 386s/20 has over 84 megabytes of formatted capacity, providing the maximum storage available in a notebook product.

All existing COMPAQ LTE 386s/20 options are supported, including the Desktop Expansion Base, providing full desktop functionality with two full-sized 8-/16-bit industry standard expansion slots and additional storage capability.



Just as the universe continually changes,
so do our lives.

Change is forever; it is what makes
our lives exciting.

During this holiday season, let us rejoice
in the challenges we have met
and the achievements we have made.

Let us also take time to revive our spirits
and prepare for the changes and
challenges in the year to come.



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